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SCARCITY OF GOLD AND SUPERFLUITY OF GOLD

BY PROFESSOR GUSTAV CASSEL

Whereas in the nineteen-twenties the great problem in all monetary policy was the scarcity of gold, in the nineteen-thirties a similar position has been assumed by the superfluity of gold. The significance of this change is seldom clearly realized. It is often contended that the ideas about a scarcity of gold which prevailed in the nineteen-twenties were erroneous, and that, as shown by the experience of the nineteen-thirties, the experts, and particularly the Gold Delegation of the League of Nations, were mistaken when, in the nineteen-twenties, they regarded measures to remedy the scarcity of gold as an essential condition for the maintenance of a stable monetary system. There is no ground whatever for these strictures. Scarcity of gold an superfluity of gold are terms which, in the nature of things, must be understood in relation to the existing gold parities. By a reduction of the gold parities a scarcity of gold can at any moment be converted into a superfluity of gold. If the gold parities adopted after the restoration of the gold standard in the nineteen-twenties were to be maintained, there was no other alternative than to meet the actual shortage of gold by a policy aiming at economizing that metal, endeavouring, by a systematic restriction of the requirements of gold for monetary purposes, to bring the demand for gold into correspondence with the supply. Failing such a programme, the supply of gold would have been too scanty to support the existing level of prices: in other words, the gold parities could have been maintained only by a continuous sinking of the general price-level, that is by a deflation entailing baneful effects in industry, commerce and the national finances. This programme was in fact partly carried out, and the world enjoyed the fruits thereof in the favourable economic trend in the middle of the nineteen-twenties. But the demand for the payment of war debts, in conjunction with the advance of protectionism, led to a lop-sided distribution of gold, involving an aggravated shortage of gold in large parts of the world. We all remember how the deflation which then inevitably followed became intolerable and eventually led to the abandonment of the gold standard.

In January 1934 President Roosevelt raised the price of gold, as expressed in dollars, by about 70 per cent. The gold price in sterling and other paper currencies adjusted itself to the same level. The gold reserves, as expressed in currency, had thus risen at one sweep by 70 per cent. The previous scarcity of gold was thus converted into a superfluity of that commodity. Besides the rise in the price of gold led to a considerable increase in the production of gold. The world production of gold, reckoned in weight, has in fact risen, from 1930 to 1936, likewise by about 70 per cent. As expressed in dollars, the production of gold, has indeed been trebled. Whereas the world production of gold at the end of the nineteen-twenties figured at about 400 million dollars, it has now risen to over 1,200 million dollars. Furthermore, the high price has drawn large amounts of gold from the East. It should also be noted that the consumption of gold for industrial purposes has, relatively speaking, declined, and that gold has been accumulating, in increasing measure, in the large monetary reserves.

Such an increase in the supply of gold should, of course, normally be followed by a corresponding rise in the general level of prices. At the beginning of 1933 the United States' price level had fallen to 60, the base being 100 for the year 1926. Assuming that this figure represents the level which could have been supported by the previously existing supply of gold, it might have been expected that the new supply would raise this price level by 70 per cent, thus practically up to the level of 1926 (= 100). A moderate rise of prices was, of course, desirable and indeed directly intended. But a price advance on the scale just indicated would have involved a marked inflation, particularly undesirable in view of the fact that business for a long sequence of years had accommodated itself to a much lower level of prices.

Had the price advance been allowed to develop freely, a new equilibrium between the demand for gold and the supply would eventually have been attained. A higher price level would have required a more abundant supply of money and, according to traditional rules, also a correspondingly increased supply of gold. A new scarcity of gold would thus have set in, and the gold price fixed by President Roosevelt would have been given a firm economic basis.

But when, after the middle of 1936, indications of such an inflation began to manifest themselves, the United States Government, alarmed by this development, took drastic steps to sterilize the gold flowing into the country so as to prevent it from affecting the supply of means of payment. This policy is exactly the reverse of the gold-economizing policy of the nineteentwenties. Though England is not bound by any fixed gold parity, she has nevertheless been supporting the American policy by buying gold. What has apparently prompted the British authorities to take this line is not only solicitude for the gold production of the Empire, but also a determination to prevent the pound sterling rising in value relatively to the dollar. In England too the gold which comes into the country is sterilized so far as is considered desirable, but the Bank of England is kept continuously supplied with as much gold as is considered necessary to enable the Bank to meet the perpetually increasing demands for means of payment.

The existing superfluity of gold is thus the result of two conflicting aims. The one is the desire to maintain the unduly high price of gold which President Roosevelt fixed in 1934. The other is unwillingness to put up with a corresponding rise in commodity prices. This underlying conflict is the root of the difficulties with which the monetary policy of the present day has to contend.

There are therefore, broadly speaking, only two real solutions of the problem. The one is to let the supply of gold have its natural effect on the supply of means of payment and on the level of prices, thus to allow the menacing inflation to run its course until a price level has been reached at which the gold is completely absorbed, so that the superfluity of gold ceases of itself. The other alternative is to admit that the price of gold fixed in 1934 was unduly high and to reduce it accordingly. The sole purpose of such a reduction should be to prevent any further rise in the price level. It should therefore be on such a moderate scale as not to entail any lowering of the existing level of prices. When people talk as if a reduction of the 1934 gold price would be tantamount to plunging the world into a new process of deflation, this is a very unjust criticism, based on a misleading representation of the purport of the reduction. In the United States the idea is also being discussed, that the Government, instead of reducing the price of gold, should simply refuse to buy more gold. But such a measure would obviously expose the monetary system to infinitely more far-reaching disturbances and ought therefore presumably to be discarded as impracticable.

Various other suggestions have been made for the solution of the problem. Particular importance has been attached to the idea of an international agreement for restricting the production of gold. The principal objection to such a step is that it could not be fully effective for a long time to come, seeing that the present superfluity of gold is due to the revaluation of the existing stock of gold far more than to the abundant production of gold. Furthermore, it may be observed that it would be rather paradoxical first to raise the price of gold to an unduly high level and then to prevent the production of gold from adjusting itself to that level. It is also extremely doubtful whether the proposed international agreement would be feasible at all. It should particularly be noted that the relative increase in the production of gold has differed widely in different countries. Whereas in South Africa the increase has been rather inconsiderable, the gold production of other countries has increased many times over. How would it be possible, under such widely differing conditions, to agree on any common basis for restricting the output of gold? International negotiations with a view to such a programme would certainly be protracted for several years — perhaps until the programme had got quite out of date, without there being any assurance that the agreement would be ratified and carried into effect. Anybody who has had some little experience of international negotiations will realize at once how hopeless this proposal is.

Another suggestion which has been brought forward is that gold coin might be put back into circulation, with a view to increasing the monetary demand for gold. On mature consideration it will be found that this proposal is quite futile. The general public have no craving for gold coin, but prefer to use notes, provided that they have a stable value. In countries where there is a superfluity of gold the note circulation is as a rule fully covered by gold reserves and thus is in the nature of a circulation of gold certificates. Hence the exchange of such certificates against actual gold would not entail any increased use of gold, and would thus be useless for the purpose in question. It is moreover scarcely probable that countries which have abolished the right of private persons to possess gold should now be willing to restore that right.

An increased demand for gold might also be brought about by a vigorous development of the world production of goods and world commerce. This, of course, would be an excellent thing in itself. Unfortunately, there is reason to fear that the desired equilibrium between the supply of gold and the demand for it would not be attained rapidly enough in this way. In spite of the immense increase in industrial production during the past twelve months, the rise of prices has been checked only in certain branches and merely for a few months. And international commercial exchanges are still lagging far behind. In fact it seems that the extremely favourable opportunity for a reduction of trade barriers which is afforded by the present boom will be missed in endless discussions about minor commercial gains and losses.

The idea that the present superfluity of gold should find employment by a transfer of gold to countries with a weak currency position would also seem to be impracticable. Neither the power nor the will of these countries to attract gold are particularly great, and it would undoubtedly take very long time before even one year's output of gold could be put to such use.

We are thus brought back to the two abovementioned main alternatives for the solution of the monetary problem: either a reduction of the 1934 gold price, or a continued rise of commodity prices up to a level somewhere in the neighbourhood of that which existed in the middle of the nineteen-twenties. The advantages and disadvantages of these two alternatives need not be analysed here. They are being discussed all over the world, and it is first of all desirable that this discussion should be carried on with a clear insight into the real nature of the problem.

One thing, however, seems to be fairly clear, to judge by what we have experienced in the course of the past year. It will be very difficult to take a decision. The general tendency is to evade an embarrassing and perplexing issue as long as possible. But, if a reduction of the gold price is deferred, such a reduction will doubtless come to be regarded as less and less necessary. In spite of all endeavours to sterilize gold, the increasing stocks of gold will in all probability necessitate a continued rise in the level of commodity prices, even though such rise may be interrupted for short periods. Growing budgetary difficulties and an immense burden of national debt will force the leading countries to adopt a financial policy of a more or less inflationary character. The efforts which are being made to keep down the rates of interest irrespective of the actual state of the capital market — a policy which seems to have become quite the fashion in the national economy of the whole world and has been manifested especially in the recent reductions of the discount rate in the United States — will, if continued, inevitably lead to a continued rise in commodity prices.

The desire to facilitate the market for Government securities often finds expression in direct inflation, as, for instance, when the American Treasury has recently released 300 million dollars sterilized gold for the said purpose. When a price level such as that which exists at present has been attained, people willingly put up with it as something that must needs be, obstinately refuse to recognize its inflationary character, and look upon a contained rise of prices above that level as quite harmless. In this way the bounds within which a price advance is considered to be permissible are extended step by step, and the time is never considered to be ripe for effective resistance to the inflation. The world has already got rather close up to the price level which existed before the big economic crisis, that is to the level of 1929. In Sweden we have already reached the index number 140, which corresponds to that for 1929. Having reached this point, we shall not have far to go to arrive at the price level of 1926, and it can scarcely be expected that any determined effort will be made to check the last indicated rise of prices. On the contrary, there is reason to fear that the price advance, of its own momentum, will be driven still further, especially as the lopsided distribution of gold has enabled the leading countries to accumulate such immense gold reserves that a scarcity of gold would not immediately make itself felt.

If, setting aside all considerations as to what monetary policy is desirable, we ask ourselves, instead, what is likely to happen, the answer will be in accordance with the observations made above. The gold price will be maintained, and the superfluity of gold will lead to such a rise in the general level of prices that the demand for gold will increase until it corresponds to the supply, after which there can no longer be any talk of a superfluity. When we have once reached that point, the world will once more enjoy the benefits of an equilibrium between the supply of gold and the demand for it, and people will superciliously declare that all that worry in the nineteen-thirties about a superfluity of gold was quite groundless.

But the sharp rise in commodity prices with which we are thus confronted will entail profound economic disturbances. Consequently the present boom will be followed by more or less violent crises. Then, no doubt, every effort will be made to disguise the fact that these disturbances were ultimately due to defects in the management of the world monetary system. The blame will be laid instead on "our existing social structure". Whether it is sufficiently strong to withstand the strain of such a burden remains to be seen.

THE POSITION OF SWEDISH STEEL IN THE WORLD ECONOMY

BY BENGT KJERRMAN, MET. ENG., CHIEF OF LABORATORY, S. K. F., GOTHENBURG

Swedish steel has had a long history. Though the authorities are disagreed about the date, we know that in very early times iron and afterwards steel were made by a direct process in small furnaces, charged with bog ore. These were the so-called Osmund furnaces. They were heated with wood which had previously been charred in the furnace itself. They had a height of $2^1/_2$ metres and yielded blooms with a weight of 15 kilograms. Three men could produce five or six blooms a day, that is about 80 kilograms. As a general rule, however, the bloom had to be re-melted in another smaller furnace of the same type. The product would otherwise have been too uneven.

When the first Osmund furnaces were constructed is not known. We know, however that such iron was exported from Sweden as far back as the 13th century. The furnaces themselves must have been of considerably earlier date. In a few forest districts they survived down to the beginning of the 19th century.

At a later date furnaces of perhaps still earlier origin were introduced into Sweden. These were the so-called "bloomery furnaces", derived from Steiermark. They were charged with "smalls" (small ore) dug out of the rock. The mining of ore in Sweden began about the beginning of the 12th century, and the first "bloomery furnaces" appear to have been constructed in those days.

These furnaces were somewhat higher, over 3 metres, and were charged alternately with ore and previously prepared charcoal. The product in this case was not wrought iron or steel, but a mixture thereof with molten iron, pig iron. The bloomery furnaces thus marked a transition to blast furnaces, where pig iron only was produced.

It was in fact soon discovered that charcoal could be saved by first making pig iron, that is, iron with a very high content of carbon, and then reducing it to a lower carbon content in another furnace.

The first real blast furnace was apparently not built till about the middle of the 15th century. The old Osmund furnaces as well as the "bloomery furnaces" were used for the reduction of the pig iron thus obtained. In course of time, however, improved methods of refining were introduced, namely the German (or triple melting-down) process, the Walloon process, and finally the Lancashire process.

The weld iron processes survived longer in Sweden than in other countries. At the beginning of the present century, however, they were superseded by the Bessemer and open-hearth processes, invented about 1860.

It is interesting to note that the development of the manufacture of steel has proceeded from a direct method to cheaper indirect processes, based on the use of the intermediate product, pig iron. During the last twenty or thirty years, however, many experiments have been made with a view to getting back to a direct process. But no such process which can be worked on an economic basis has so far been invented.

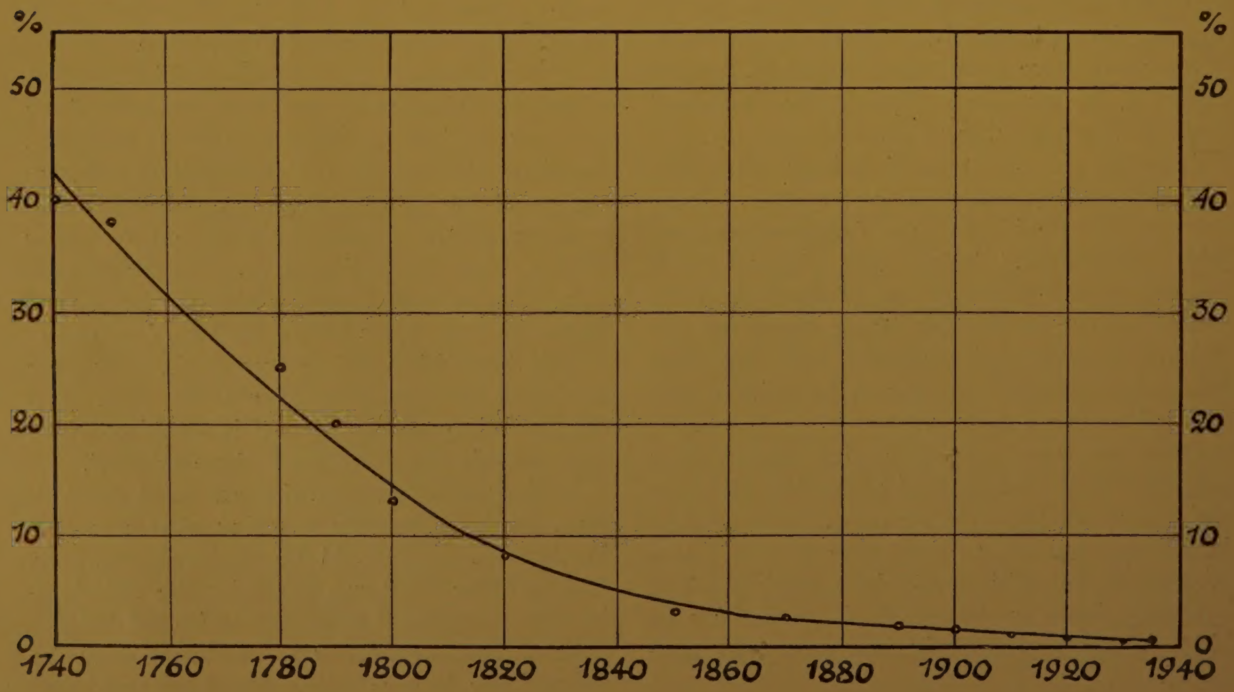
This brief historical review might have been continued by a mention of crucible steel. But the production of electro-steel is a subject which falls outside the history of Swedish steel.

In the rest of Europe the course of development has been, broadly speaking, similar to that in Sweden. It should be observed, however, that in other European countries the two dominating processes (Bessemer and open-hearth) enabled mass production to be started with the aid of large furnace units. About the same time coke began to be used as fuel and as a reducing agent in the blast furnaces. Coke has greater compressive strength than charcoal and can therefore bear a higher stock column without being crushed. The coke blast furnaces could thus be enlarged in all dimensions, and the output figures far exceeded those which had been attained in Sweden. When the output in Sweden per day (of 24 hours) was still 20 to 30 tons, that of the big coke blast furnaces was 1,000 tons or more. While Sweden was adhering to Bessemer charges of 4 or 5 tons and acid lining, foreign countries for the most part were employing charges of 20 to 30 tons on basic lining thus adopting the Thomas' process. The same remarks apply, in relevant respects, to the open-hearth furnaces.

By the end of the 19th century Sweden found herself no longer able to compete, even on the home market, in regard to soft and specially heavy commercial iron. Then the completion in 1899 of the first practicable electro-steel furnace led to reports, which soon spread all over the world, that the problem of manufacturing high-grade steel from inferior materials had now been solved. These were two hard blows for the Swedish manufacture of iron, in quick succession. Fortunately it was soon found that the last-mentioned blow was merely apparent.

This rapid review must now be followed by a brief indication of Sweden's contribution to the progress made. The Osmund furnaces were apparently a Scandinavian invention: whether they were of Finnish, Norwegian or Swedish origin has not been ascertained. It would perhaps be an exaggeration to state that the process invented in England by Sir Henry Bessemer, and protected by his numerous patents, would never have been a real success but for the improvements introduced by the Swede G. F. Göransson. It should be noted, however, that the first completely successful Bessemer steel blowing was carried out in Sweden, and that the credit for this must be given to him. In the operation of blast furnaces and open-hearth furnaces Swedes have furthered progress in many ways and in many different branches.

Diagram 1. Sweden's Production of Pig Iron in Percentage of World Production 1740—1935.

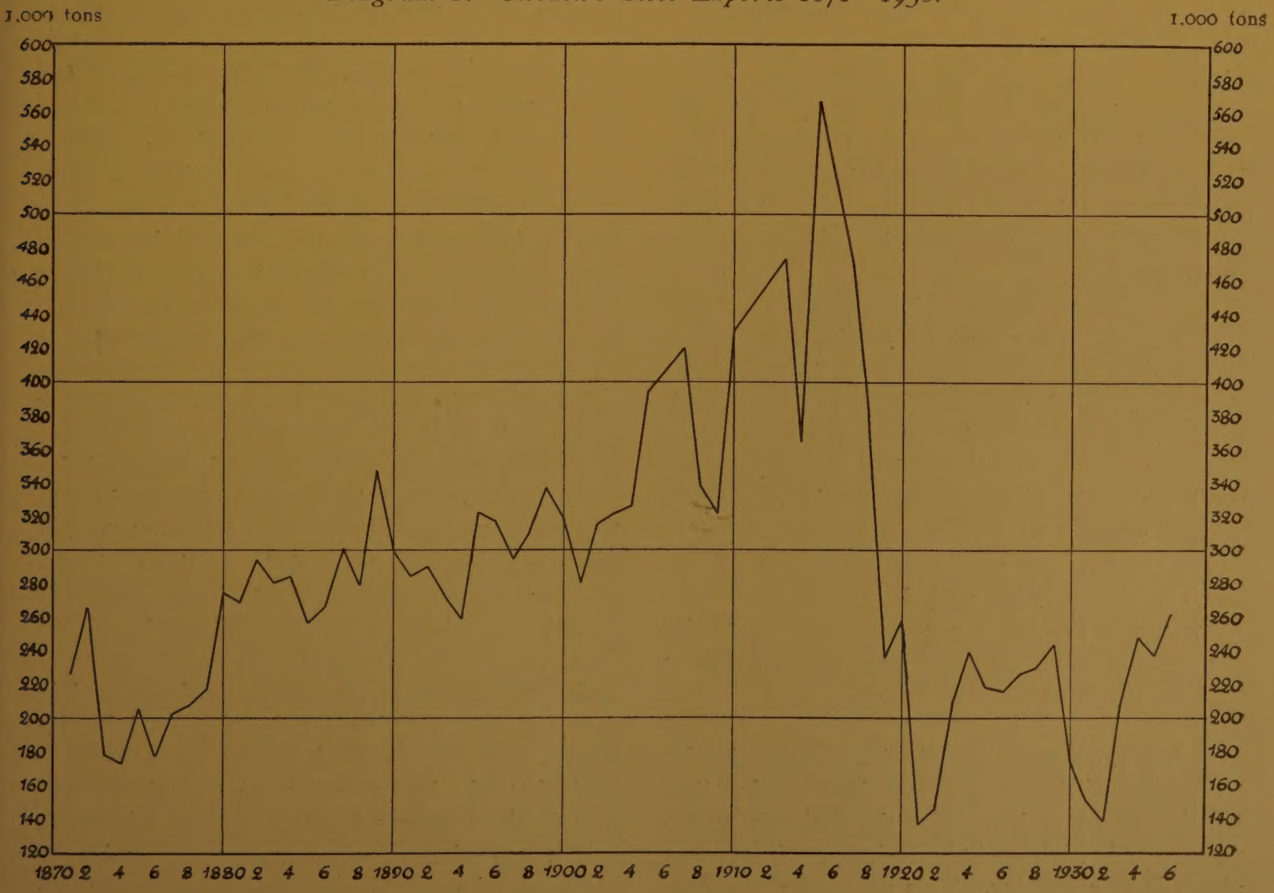


In all these efforts, it should be observed, the Swedish metallurgists have always laid the main stress on quality. This explains how it comes that, despite the immense improvements in communications, which have facilitated the importation of coal and coke, Sweden has retained charcoal as a fuel and reducing agent in her blast furnaces. This is the reason why our gas producers are as a rule heated with wood, or at any rate a mixture of wood and charcoal. This is why our blast furnaces and open-hearth furnaces are in such small units. It is for the sake of quality that we use such a high percentage of superior pig iron in our open-hearth furnaces, and that we employ only scrap produced at the works themselves, or the origin of which is exactly known. We believe that this high percentage of pig iron, for high-grade steel as a rule over 50 per cent., imparts to the steel its "body", that undefinable something which makes Swedish high-grade steel surpass all its foreign competitors.

This retention of the small furnace units, the expensive domestic fuel and the high percentage of pig iron have naturally entailed a considerably smaller increase in the amount of steel manufactured in Sweden as compared with foreign countries.

These facts are illustrated in Fig. 1, which shows Sweden's production of pig iron in percentage of the world production. The figures for 1740—1860 are taken from the Swedish official statistics and a special report published by the Swedish Board of Trade on Sweden's manufacture of iron in 1913; those for 1870—1925 from "Gemeinfassliche Darstellung des

Diagram 2. Sweden's Steel Exports 1871—1936.



Eisenhüttenwesens"; and those for 1930—1935 from "Statistisches Jahrbuch für die Eisen- und Stahlindustrie". Whereas in 1740 Sweden's production of pig iron had been well-nigh half of that of the whole world, her contribution since 1900 has dwindled to less than 1 per cent.

Owing to the lack of the necessary material, it has not been found possible to give corresponding figures for the manufacture of steel. The earliest available figure is for the year 1870. The Swedish percentage for pig iron in that year is 2.5 and for steel 1.7. These figures are of the same magnitude. Seeing that in earlier days the production of pig iron corresponded still more closely to the production of steel, the pig iron curve will also serve to give some indication of Sweden's percentage in the world production of steel during the period previous to 1870. The Swedish percentage subsequently shows but little variation. Thus in 1880 Sweden had a bottom figure of 0.7 per cent., in 1890—95 a maximum of 1.4 per cent., and in 1905—1910 another minimum of 0.8 per cent. A slight increase in the intervening period was succeeded in 1925 by yet another bottom figure of 0.5 per cent. From this low level we seem to be again on the way upwards. Thus in 1935 we got up to 0.8 per cent.

The relative figures given above must not give the impression that the production of steel in Sweden has been steadily diminishing, nor that the Swedish export of steel has been gradually decreasing. On the contrary, Fig. 2 shows that our shipments of steel had been increasing until the crisis which supervened in connection with the Great War led to a dismal decline in our exports. But, as shown by the curve, we are again in a rising period, the further course of which is beyond our vision. The curve for the manufacture of iron and steel shows a similar tendency.

It has previously been indicated that the introduction of the electro-steel furnaces in 1899, which seemed to jeopardize the Swedish manufacture of high-quality steel, caused needless alarm in this country. This raises the questions what is really meant by Swedish high-quality steel, and when its manufacture commenced.

So long as the whole world was using the same raw materials for the manufacture of steel, notably bog ore and charcoal, and practically the same kind of furnaces, there was obviously no marked difference between the products of the various countries. In those days no industry, in the strict sense of the term, was in existence, the steel then made being in the nature of a household product. When Gustavus Wasa devoted his attention to iron as a source of revenue and as an export commodity, the manufacture of iron began to assume the character of an industry. It was in fact the first industry in Sweden. It did not, howewer, produce any high-grade steel.

Ores dug out of the solid rock, which had been in use for a considerable length of time, has marked a new departure in the Swedish manufacture of iron. These ores from central Sweden, owing to their very low content of phosphorus and their "body", facilitated the production of a much better, sharper and less brittle steel. This greatly furthered the development of Sweden's first export industry. But, as other countries were still using charcoal as fuel and a reducing agent, the difference in quality was not very marked. It is therefore difficult to indicate the date when Swedish high-quality steel first made its appearance. It is easier to determine the time when there appeared on the market a competing steel of low grade with which the Swedish steel contrasted.

In 1621 coal began to be used in England for the manufacture of iron. Experiments in this line were encouraged by the fact that Queen Elizabeth, fearing the deforestation of the country by the consumption of charcoal, had placed restrictions on its extended use in this industry. Despite the great success of these experiments the process made no headway, and in fact fell into oblivion on the death of its inventor. It was not till about 1740 that coal was again brought into use for the manufacture of iron, in the country where the process originated.

The use of coal, whether as such or in the form of coke, for the manufacture of iron, inaugurated a course of development tending to the production of the very reverse of high-quality steel. A considerable length of time, however, elapsed before the use of coal began to revolutionize the industry. It was not till 1825, when puddling was introduced in England, that *quantity* began to tell. The sharper competition which thus resulted ultimately proved to be a blessing in disguise for Sweden, being a powerful incentive towards the improvement of her own methods. In fact no noteworthy advance had been made in this field since the introduction of the Walloon process in the sixteen-sixties. In the eighteen-sixties technical progress in Sweden was assisted by the introduction of the Lancashire process from the very country which gave us our hardest competition on the steel market. About the same time the Bessemer and open-heart processes began to be adopted in Sweden.

Thus the year 1825 marks the first stage in the development of Swedish high-quality steel. The second stage begins about the year 1870, when the basic Bessemer and open-hearth processes and the big coke foundries came into general use.

To sum up, Swedish high-quality steel, especially in view of the raw materials employed, must be regarded as a survival rather than as a product of development. Though the processes, as already pointed out, have been gradually improved, the small furnace units have, broadly speaking, been retained. This is partly due to the fact that charcoal will not carry so much ore as coke, and to other mechanical considerations. But there are also other reasons. It is easier to make a required analysis in a small open-hearth furnace, specially if the steel shall have a high percentage of carbon, the reaction then having a greater speed. On the other hand, the big furnaces in foreign countries are quite serviceable in the case of soft commercial iron, which has a low carbon content.

Though Swedish high-quality steel may be looked upon as a survival, it is a very vigorous one, and amply justifies its existence. This is indicated by its capacity for retaining and extending its markets.

The most marked differences in Swedish high-quality steel as compared with that of other countries are displayed when dealing with plain carbon steel or alloy steels having fairly low percentages of added metals. The high speed tool steels, the stainless steels etc., have in fact almost lost their steel character by their high contents of alloy. It is therefore not surprising that the difference between Swedish and foreign steel with a high percentage of alloy is not very pronounced.

Typically Swedish high-quality steel is always made from very pure raw products and in acid furnaces. The very best quality is doubtless that which is made in crucibles by the melting of pig iron, ore and carbon in accordance with the C. R. U. process. But merely an insignificant proportion of Swedish high-quality steel is manufactured by that process. The major part is now made in acid open-hearth furnaces. The small amount of Bessemer steel which is still produced is certainly also typical Swedish high-quality steel as it is made of 100 per cent. pig iron of the very highest Swedish quality.

Many people, even in Sweden, suppose that electro-steel is quite up to the standard of Swedish high-quality steel. It is not surprising that this view is maintained in foreign countries. The Swedish iron-makers, as above indicated, were in fact alarmed by the first appearance of eletro-steel on the market. In many cases it showed figures for freedom from phosphorus and sulphur which could not possibly be attained by Swedish steel. The highquality steel of foreign countries is made chiefly in electric arc furnaces and in electric low and high frequency furnaces. All these furnaces, however, have a basic lining. And the materials used in them are always impure, compared with the Swedish raw products, though they are purified in the furnaces from phosphorus, sulphur and oxygen.

Thus some of the high-quality steels made in foreign countries are quite comparable with Swedish steel so far as concerns the chemical analysis. They may even show a lower percentage of impurities as well as of determinable inclusions of slag. In spite of all this, the decided superiority of Swedish steel in regard to mechanical performance is manifested in the use of steel for a great variety of purposes.

A striking testimony in support of this statement is that the vast majority of foreign consumers who had been forced to use their own steel during the Great War, reverted to the Swedish steel as soon as circumstances permitted. Furthermore, Swedish steel practically dominates the field in regard to certain uses. Such are, to mention only a few of them, valve springs for automobile motors, hollow drill steel, steel for razor blades, and steel for ball and roller bearings.

At the works of the S. K. F. Company at Gothenburg I have been in a position to make a thorough study of the use of steel for ball bearings. On numerous occasions ball bearings were made at these works from foreign high-quality steel concurrently with, and in accordance with exactly the same methods as the same kind of bearings made from Swedish high-grade steel. Thus the only unknown factor in the equation was the quality of the steel. The process of manufacture, the method of control, the testing machines etc. were all exactly alike. But, despite the fact that many of these foreign steels displayed quite as good, or even better, properties, as determined by chemical analysis and microscopic examination, the results of the endurance tests made on the finished bearings manufactured from Swedish steel were found throughout to be far superior. In view of this superiority in our steel, we have been enabled to put the permissible loads for our bearings at considerably higher figures than our competitors. What is more, by dint of improvements in the processes for the making of steel as well as in other branches of manufacture, we have been enabled successively to raise these figures in our catalogues. In view of the superiority of Swedish steel, it is very difficult for our competitors abroad to follow us upwards towards higher strains. Hence as regards the most strained cases we hold a dominating position on the ball bearing market. For this position we are indebted in a very large measure to the Swedish high-quality steel.

The Swedish hollow drill steel has moreover gained its large market abroad thanks to the very careful and thorough research work which has been carried on to a large extent in Sweden. The great number of our mines, of course, afford us ample occasion to execute endurance tests of such steel in actual service.

It should be noted that Swedish high-quality steel, whether plain carbon steel or with a low percentage of alloy, cannot be replaced for the uses to which it is particularly adapted, by foreign high-grade steel, whether that steel is unalloyed, or has a low or high percentage of alloy. Thus it is not in order to economize alloys that recourse is had to Swedish high-quality steel, but in order to attain results which would otherwise have been beyond reach, as a rule in mechanical respects.

Foreigners sometimes complain about the narrow range of temperature within which the Swedish steel can be quenched to get a fine grained steel. They point out that their high-grade steel, made in electric arc furnaces, withstands a much severe heat treatment. To these attacks we always reply by first granting the truth of the objection. But we observe that, with the aid of now available equipments for measuring temperatures, there is no difficulty whatsoever in keeping the temperature within the somewhat narrow limits required by our steel. On the other hand, we are warranted in objecting that foreign high-grade steel is in many cases more liable to show hardening cracks than Swedish steel.

Swedish high-quality steel has thus revived the lustre of its reputation. This revival may be said to have begun from the moment when the attack by foreign electro-steel was definitively beaten back. Thanks to the most careful and thorough investigations, Swedish high-grade steel has been able to maintain its position in certain fields. It may therefore be presumed that there are still many markets where Swedish steel will gain ground or even dominate the field, when scientific research has penetrated deep enough into the matters to be studied.

It has been shown above that Sweden has been able to hold her own in the face of very severe competition, thanks to the high-quality of her steel. It would, however, be unfair to make no mention of the fact that Swedish iron-makers have effected economies which, so far from impairing the high quality, have in many cases enhanced it. A striking example of this is the method of using 100 per cent. of sinter in blast furnaces. The preparation of the ore in this way enables the analysis to be kept much more uniform, and facilitates the supply of a properly adjusted amount of suitable gangues, resulting in the formation of a perfect slag. In this method the percentage of iron is not fixed so high as was at first considered economically desirable in the manufacture of concentrates and ore briquettes.

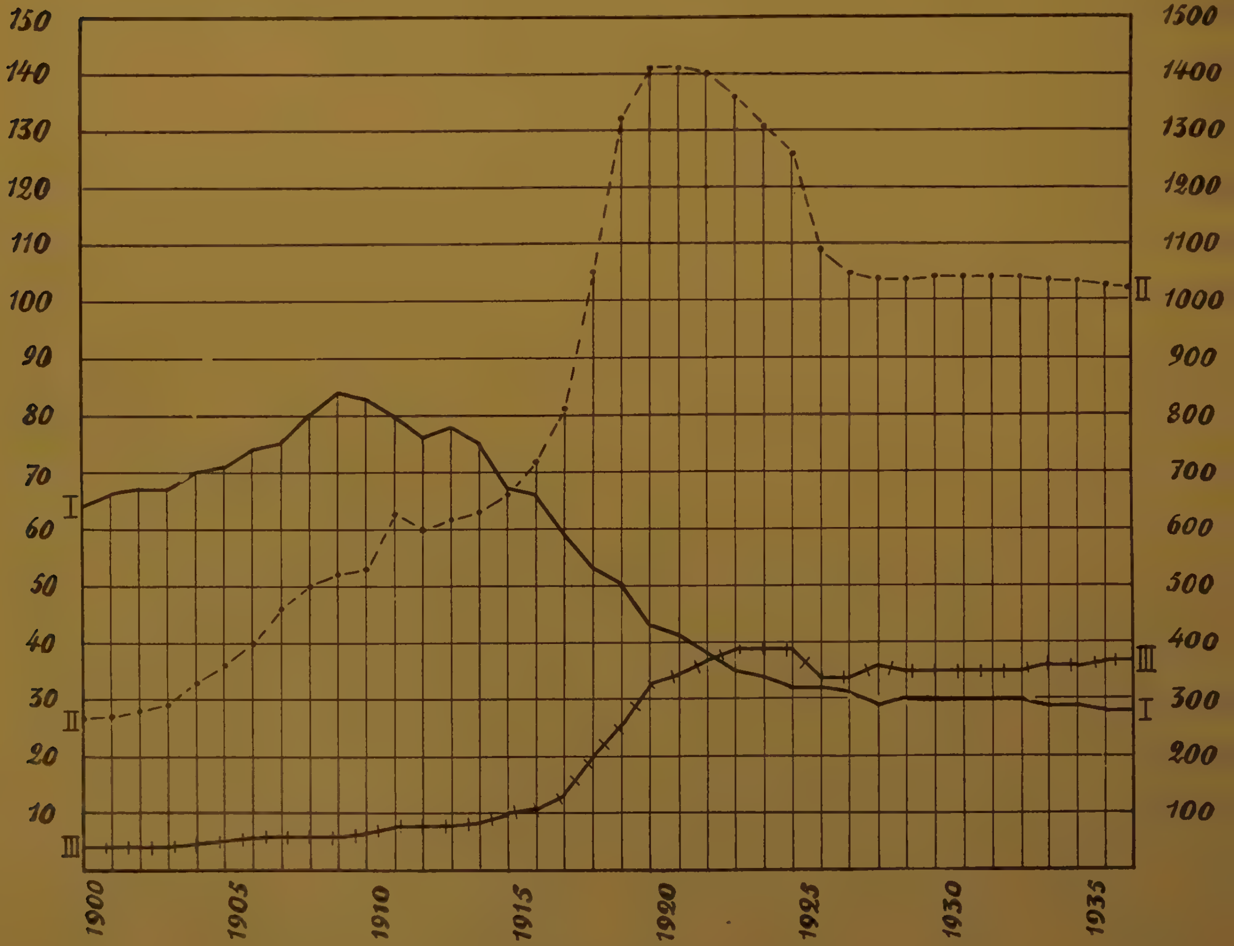
Another example in point is the drying of charcoal by a mechanical process. This enables the whole operation of the blast furnace to be conducted more smoothly and much more economically than before. Furthermore, the output from our open-hearth furnaces has been increased, without affecting the quality, by introducing the large percentage of pig iron in a molten form. Another method devised with a view to increase of output is to melt the scrap in an electric arc furnace and afterwards introduce it into the acid open-hearth furnace.

Though, as explained above, Swedish high-quality steel has not always dominated the field, it possesses venerable traditions, which the Swedish iron-makers should foster and cherish. Swedish steel, the product of ore from the Swedish rock and of charcoal from the Swedish pine forest, in virtue of its origin, its traditional methods of manufacture and its fair prospects of extended use, represents a most precious national asset.

THE SWEDISH COMMERCIAL BANKS

On a superficial view it might be supposed that the changes which have occurred in Swedish banking in the course of the present century have been, broadly speaking, merely of a quantitative character. We are referring to the expansion of banking business by the increase in the number of branch offices as well as by intensification of banking operations, and to the concentration of the Swedish bank organization in a smaller number of banks of larger size. But it should also be observed that the conditions under which the Swedish banks are now working differ considerably from those which prevailed during the pre-war period. Thus the

Swedish Commercial Banks 1900—1936.



I = Number of Banks (scale to the left).
II = Number of Bank Offices (scale to the right).
III = Number of Offices per Bank (scale to the left).

changes which have occurred in the Swedish banking system during the last twenty to thirty years are not confined merely to the external structure.

In regard to the external organization of the Swedish banks the reader is referred to the appended graph. At the beginning of the century the number of branch offices was 265, being one office to every 8,810 of the population. There has since been rapid increase in this number, especially during the war and the first few years of the post-war period, so that in 1920 it reached the record figure of 1,410, being one office to every 4,187 of the population. This development was favoured by the fairly good margin between the rates of interest on advances and deposits during the war period, but was due also to other circumstances. This is indicated *i. a.* by the fact that when the war and the blockade came to an end and the large import of motor cars led to a rapid development of motorism in Sweden, the bank offices in a number of minor communities lost their *raison d'être:* these formerly isolated communities were brought into easy communication with adjacent towns by regular motor bus services. Superfluous branch offices were suppressed in the first half of the nineteen-twenties by cooperation between the banks themselves, in consultation with the Bank Inspectorate. In this reorganization care was taken that the medium-sized banks should recover the areas originally assigned to them in virtue of tradition and geographical conditions. Since the end of 1926 the number of branch offices has varied between 1,050 and 1,024, being one office to 5,785 and 6,120 of the population, respectively. Furthermore, the hours of work in many of the small branch offices have been lengthened, the number of offices open for at least four hours a day being considerably increased. In this and other ways the banks now give their customers better service than before.

The number of Swedish banks, as will be seen from the graph, increased from 64 at the beginning of the century to 84 in 1908, since when the number has been steadily diminishing, so that it has now been reduced to 28. As is indicated by the following table, this course of development is marked by the foundation of new banks on a rather considerable scale, and by bank amalgamations on a still larger scale.

Table I. Number of Commercial Banks in Sweden.

1st Jan. 1900		64 banks
Founded 1900—1936		75 »
		Total 139 banks
Suppressed 1900—1936 owing to		
reconstruction	16 banks	
amalgamation	90 »	
other reasons	5 »	111 banks
1st Jan. 1937		28 banks

The five banks suppressed for "other reasons" are small banks which went into liquidation in the course of the years 1907—1919. All but two of these banks were able to repay the entire holdings of their depositors together with accrued interest.

During the past ten years a considerable measure of stability has prevailed in the Swedish banking system. In the course of the period 1927—1936 only one new bank has been created, whilst four have been suppressed by amalgamation. As previously mentioned, the number of branch offices has likewise been maintained fairly constant. During the last few years the average number of branch offices per bank has been about 35. This average is also representative of the medium-sized banks, whilst the extensive network of branch offices of the big banks is counterbalanced by the relatively large number of minor banks of merely local importance.

In the following the 28 Swedish banks now in existence are classified according to the extent of their network of branch offices and their turnover as at the end of the year 1936, due account being taken in the last-mentioned respect of the resolutions passed at the general meetings of 1937.

Two banks, Skandinaviska Kreditaktiebolaget and AB. Svenska Handelsbanken, have offices in all parts of the country and total assets of over a milliard kronor. Stockholms Enskilda Bank, one of the three biggest banks, has most of its branch offices in the capital, and has total assets of over 550 million kronor.

The following banks have a network of offices extending over large parts of southern and central Sweden:

AB. Göteborgs Bank	total assets	472	mill.	kr.
AB. Jordbrukarbanken	»	191	»	»
AB. Göteborgs Handelsbank	»	179	»	»
AB. Skånska Banken	»	174	»	»

The following banks have branch offices in one or two counties: —

Wermlands Enskilda Bank AB.	total assets	171	mill.	kr.
Sundsvalls » » »	»	168	»	»
Södermanlands » » »	»	125	»	»
Uplands » » »	»	123	»	»
Östergötlands » » »	»	117	»	»
Skaraborgs » » »	»	110	»	»
AB. Smålands Bank	»	101	»	»
AB. Vänersborgsbanken	»	89	»	»
AB. Gotlands Bank	»	30	»	»
AB. Borås Bank	»	25	»	»
AB. Jämtlands Folkbank	»	22	»	»
AB. Dalslands Bank	»	17	»	»

The remaining banks — which have at most three offices each — do only local business. They are: —

AB. Kreditbanken	total assets	18	mill.	kr.
AB. Göteborgs Folkbank	»	15	»	»
AB. Norrköpings Folkbank	»	14	»	»
AB. Bohusbanken	»	11	»	»
AB. Sundsvalls Kreditbank	»	11	»	»
AB. Diskontobanken	»	6	»	»
AB. Luleå Folkbank	»	6	»	»
AB. Hjo Bank	»	3	»	»

It should further be mentioned that Stockholms Intecknings Garanti AB., a mortgage bank which grants loans on a considerable scale on the security of real property in Stockholm, also carries on ordinary banking business. It has total assets of 254 million kronor.

All the Swedish commercial banks are now joint-stock companies, in that the banking companies with unlimited liability (the "enskilda" or "private" banks) were converted in 1934 into joint-stock limited liability companies.

If the balance sheets of all the commercial banks as at 31 December 1936 (taking into account the dispositions made by the general meetings in 1937) are put together, the figures will work out as follows:

Assets in million kronor

Cash in hand and Sight holdings	464.6
Bonds and Debentures	307.5
Swedish Banks and Savings Banks	91.5
Foreign Banks	99.4
Foreign Bills	78.2
Swedish Bills	1,060.4
Current Accounts (secured)	509.3
Advances	2,415.8
Shares	295.7
Bank Buildings and Furniture	88.8
Sundry Accounts	131.1
Total	5,542.3

Liabilities in million kronor

Bank Post Bills	85.9
Rediscounts (almost exclusively foreign Bills)	4.4
Banks' own Acceptances	6.1
Foreign Banks	130.2
Swedish Banks and Savings Banks	210.7
Deposits at sight	894.0
Deposits at notice	2,964.1
Registered Certificates (»förlagsbevis»), Bond Loans etc.	321.5
Sundry Accounts	195.4
Share Capital	482.2
Reserve Funds	218.4
Profit carried over	29.4
Total	5,542.3

In view of the strikingly large figure for cash holdings and the fact that there has been practically no rediscounting of Swedish bills, the financial position shown above must be considered to be remarkably strong in respect of liquidity.

As regards the solvency of the banks, it should be noted that the sums written off for the year 1936, according to the statistics of the Bank Inspectorate, amounted merely to 14 million kronor, or about half the profit carried over from the preceding year. In addition, profits of an exceptional and non-recurring character have doubtless been used to some extent for purposes of consolidation. Furthermore, considerable amounts reserved for similar purposes, but not shown in the balance sheets, have in certain cases been left intact.

The securities for the total credits granted by the banks, amounting to 3.19 milliard kronor, consisted at the end of last year as to 52 per cent. of mortgages on real estate, as to 18 per cent., of shares, as to 16 per cent. of bonds or other specific security, and as to the remaining 14 per cent. of personal guarantees. So far as is known, the shares pledged as collateral for advances have been cautiously valued. The advances granted on the security of guarantees are mainly personal credits for minor sums; some banks have introduced a system in accordance with which these credits are gradually amortized. Without entering into a detailed

Table II. Domestic Business of the Swedish Commercial Banks in 1913, 1929 and 1936 (1935).

Year	Deposits and advances at end of year						Cash in hand at end of year	Turnover during the year					Prices at end of year	
	Deposits				Advances	Surplus of advances over deposits		Sight drafts issued	Advances granted	Bills bought	Deposit accounts	Savings accounts	Wholesale prices	Cost of living
	Current account	Savings accounts	Deposit accounts	Total										
	Amount in million kronor.													
1913	227.5	349.4	1,115.1	1,692.0	2,425.8	733.8	75.2	3,205.9	2,751.2	3,047.5	303.85	366.84		
1929	659.1	687.9	2,134.2	3,481.2	4,420.2	939.0	127.8	7,168.8	6,563.6	6.447.9	910.57	715.24		
1936	892.3	682.0	2,258.8	3,833.1	3,991.6	158.5	464.6	[2] 5,422.5	[2] 5,609.6	[2] 5,130.4	[2] 1,074.14	[2] 677.32		
	In percentage of corresponding figures for the year 1913.													
1929	*289.7*	*196.9*	*191.4*	*205.7*	*182.2*	*128.0*	*170*	*223.6*	*238.6*	*211.6*	*299.7*	*195.0*	*134*	*167*
1936	*392.2*	*195.2*	*202.6*	*226.5*	*164.6*	*21.6*	*618*	[2] *169.1*	[2] *203.9*	[2] *168.4*	[2] *353.5*	[2] *184.6*	*126*	*158*

[1] Inclusive of rediscounted bills. — [2] Relates to the year 1935, figures for 1936 not being available.

analysis, it may be stated that the financial position of the Swedish banks and their organization are now characterized by a stability which invites comparison with pre-war conditions.

Certain particulars regarding Swedish banking business for the years 1913, 1929 and 1936 (1935) are given in Table II below, which also contains figures indicating the concurrent rise of prices. The growth of the population during this whole period was roughly 10 per cent.

In the course of the period 1913—1936 the long deposits of the commercial banks have been doubled, and their sight deposits quadrupled. This large increase in sight deposits is partly accounted for by the abundance, in recent years, of capital waiting for investment. Advances have shown a less marked increase, by merely two-thirds up to December 1936. In March 1937 the remarkable situation occurred that deposits and loans balanced one another, being each 4.06 milliard kronor, and that the bank holdings on which no interest is received, amounting to about three-quarters of a million kronor, exceeded the sum-total of their funds.

Whereas previously banks and other financial institutions competed amongst themselves for deposits, they are now competing for advances. During the period 1913—1936 the deposits held by the commercial banks increased from about 1,700 to approximately 4,000 million kronor. At the same time bond investments in Sweden rose from about 1,000 to approximately 5,500 million kronor. In addition, there has been considerable lending to municipalities and to the real estate market in forms other than bond loans. The capital thus invested emanates from the savings banks and the post office savings bank, as well as from the savings collected by the insurance companies, the State old age pensions fund, the numerous private pensions funds and provident societies.

The savings banks, in competition with the commercial banks, have raised their deposits to a level with those of the latter banks at long notice. In this competition the savings banks have the upper hand in the south of Sweden, the commercial banks in the north, whilst in most parts of central Sweden the deposits are more evenly distributed between both groups of banks.

A comparatively new departure is the issue by the commercial banks of loans against registered certificates *(förlagslån),* which indicates a way of attracting additional capital in the event of a change in the present credit situation. Another relatively new feature, particularly marked at the present time, is the easiness of the money market, the result of which is that large amounts of capital have been deposited with the commercial banks on current account, entailing a large increase of assets earning no interest.

Another factor which has contributed to the abundance of money is the trend in the movements of capital. Owing to currency risks and political disturbances, it has not been found possible to invest abroad the surplus of income in Sweden's balance of payments, which is nowadays a regularly recurring feature. At the same time speculation in the appreciation of the Swedish krona has led to some influx of foreign capital. In view of the liquidity of the Swedish banks and the large currency reserves in the country, the eventual withdrawal of this foreign capital will presumably cause no inconvenience.

Ultimately, however, the abundant supply of money is due to the fact that the credit requirements of Swedish industries are not marked, so that the money market is glutted with capital waiting for long investments. A similar tendency has been observable also in other countries: it seems to be of a temporary character, and in some places it has begun to be less noticeable. But even on a long-run view, the position of the Swedish banks as lenders to industries has undergone a distinct change as compared with pre-war conditions.

The Swedish banks have availed themselves of the present boom to rid themselves, on a rather large scale, of share holdings and other large engagements in industrial companies. Furthermore, it should be noted that the sums lent by the banks on the security of shares are not very large. Despite the rapid growth of industry since 1913 — evidenced by the fact that the volume of production has since then been doubled — and despite the investments of capital in industries in connection with rationalization, the value of the share holdings of the Swedish banks together with the sums lent by them on the security of shares have increased during the same period by barely 20 per cent., which is less than corresponds to the fall in the purchasing value of money. And, as previously mentioned, the grant of advances in general has increased only by two-thirds, or, if the fall of prices is taken into account, by merely about 30 per cent.

As regards future prospects, it should be observed that industrialization in Sweden, as has previously been the case in other countries, has now, in some measure, reached, so to speak, the point of saturation, so that a continued extension of the productive apparatus on any large scale seems to be improbable. Also the rationalization of industry, so far as it can be regarded as a non-recurring phenomenon, seems to have been carried out to such an extent that the requirements of capital for that purpose will presumably be more modest. But even if considerable sums should be required for investment in industries, the large amounts of capital accumulated in various funds and financial institutions as well as by the industrial companies themselves will, it seems, entail the result that the rôle formerly played by the banks as suppliers of long-term credit to industry will be reduced in importance as compared with conditions some twenty-five years ago. On the other hand, the rapid development of industry and the creation of industrial companies of increasing size have entailed an intensification of banking business proper and its extension to ever widening domains.

SWEDEN'S BALANCE OF INTERNATIONAL PAYMENTS IN THE YEARS 1928—1936

The figures annually compiled by the Swedish Board of Trade for Sweden's balance of international payments are now available as regards the year 1936. The abnormal conditions, in many respects, which then prevailed in international economic relations have entailed considerable difficulties in drawing up the balance. The unstable currency conditions have conduced to complicate the calculations for the *transfers of capital,* which as regards the year 1936 must be regarded as particularly uncertain. Owing to speculation in the foreign exchanges, disturbances in the payments of imports and exports, etc., there have been very extensive movements of capital, the magnitude of which has eluded calculation. This explains the remarkably large difference of 111 million kronor between the debit and credit sides of the total balance. Had it been possible to determine all the items, there would of course, have been no such difference.

Sweden's Balance of International Payments in the Years 1928 to 1936.

(In millions of kronor.)

	[1] 1928	1929	1930	1931	1932	1933	1934	[4] 1935	1936
Goods									
Exports	[1] +1,575	+1,813	+1,550	+1,135	+ 964	+1,093	+1,316	+1,312	+1,529
Imports	−1,708	−1,772	−1,664	−1,439	−1,169	−1,108	−1,320	−1,495	−1,651
Balance of trade	[1] − 133	+ 41	− 114	− 304	− 205	− 15	− 4	− 183	− 122
Various invisible items.									
Freight receipts after deducting expenditure for coal, oil etc. in foreign ports	+183	+205	+189	+139	+117	+115	+121	+124	+136
Remittances of Swedish-Americans to home country	+ 35	+ 35	+ 30	+ 26	+ 35	+ 20	+ 12	+ 12	+ 14
Income (inclusive of profits) from Swedish capital abroad	+ 60	+110	+125	+108	+168	+115	+102	+121	+111
Interest and dividends on Swedish securities abroad	− 30	− 75	− 90	− 94	− 30	− 25	− 22	− 22	− 23
Interest paid to foreign countries on foreign holdings in Sweden	− 5	− 5	− 15	[2] − 4	[2] 0	[2] − 1	[2] − 4	[2] 0	[2] + 6
Expenditure of Swedish travellers abroad (after deducting expenditure of foreign travellers in Sweden) etc.	− 28	− 30	− 25	+ 2	+ 4	+ 3	− 3	+ 9	+ 11
Total of various invisible items (nett)	+215	+240	+214	+177	+294	+227	+206	+244	+255
Nett total of goods and various invisible items	+ 82	+281	+100	−127	+ 89	+212	+202	+ 61	+133
Transfers of capital.									
Sale to foreign countries of Swedish securities	+ 84	+130	+124	+149	+ 65	+ 49	+ 33	+ 76	+114
Sale to foreign countries of foreign securities	+ 41	+ 38	+ 74	+194	+154	+123	+110	+ 67	+126
Other, non-specified, influx of capital	+ 67	+ 90	+ 20	+448	+151	+201	+ 60	+ 95	+111
Repurchase of Swedish securities	− 56	− 95	−130	−128	− 49	− 72	− 39	− 38	− 70
Purchase of foreign securities	−134	−112	−405	−120	− 66	− 62	−167	− 99	−181
Other, non-specified, efflux of capital	−185	− 80	− 25	−491	−358	−433	−291	−124	−136
Total transfers of capital (nett)	−183	− 29	−342	+ 52	−103	−194	−294	− 23	− 36
Gold, silver and coin (nett)	− 13	− 15	− 3	[3] + 38	[3] + 7	[3] − 43	[3] + 78	[3] − 63	[3] −208
Allowance for incomplete or doubtful data	+114	−237	+245	+ 37	+ 7	+ 25	+ 14	+ 25	+111

[1] In 1928 there were lengthy stoppages of work in some of Sweden's principal export industries. — [2] Together with other items of income and expenditure (nett). — [3] Merely gold and gold coin. — [4] Revised figures.

On the other hand, the figures for *income* and *expenditure* could be calculated with greater exactitude.

As in previous years, it has not been possible to take into account the fluctuations in the gold value of the krona: a Swedish krona, regardless of its gold value, has been reckoned throughout as one krona.

For the last five years the balance of payments has been calculated, broadly speaking, on the basis of a uniform material and in accordance with the same methods. The figures for the years 1932—1936 may therefore be regarded as fairly commensurable. On the other hand, comparisons with previous years should be made with caution.

A summary of the figures for 1936 is given in the last column of the adjoining table, which, for purpose of comparison, also contains corresponding figures for the years 1928 to 1935. The figures for 1935 have been adjusted in accordance with the more exact data which have now become available.

Mainly owing to a considerable decrease in the import surplus for 1936 as compared with 1935, namely from 183 to 122 million kronor, the net income for 1936 shows a considerable increase. It has in fact risen from the comparatively low figure of 61 million kronor for 1935 to 133 million kronor.

Other items in the balance have contributed in a lesser degree to this increase. A decrease of 10 million kronor in the income from interest is more than counterbalanced by larger net receipts from freights and travellers' expenditure as well as from sundry minor items.

The decline in the income from interest is connected with the fact that the figure for 1935 was greatly affected by the payment in that year of considerable amounts in interest which had previously fallen due. Though the same thing happened in 1936, the amount was considerably smaller, besides which one of the interest payments on a large foreign loan, though due in 1936, was not made till the present year. In point of fact there is no marked difference in the amount of the interest which fell due in the two years.

The receipts from travellers' expenditure show a continued increase. If we deduct the receipts from passenger fares, which are included under freights, the yield from tourist traffic will figure out at 63 million kronor, as compared with 54 million kronor (revised figure) for 1935. The expenditure of Swedish travellers abroad has likewise increased, namely from 45 to 52 millon kronor.

The large increase in the gold stock of the Riksbank entailed a net expenditure of 208 million kronor. The major part of that increase represents gold purchased for deposit abroad. The increase in the foreign deposits of the Riksbank amounts to 95.6 gold kronor, which, reckoned in paper kronor, would figure out at about 168 million kronor. Gold was imported to the value of approximately 40 million kronor.

As the large expenditure on the purchase of gold is by no means counterbalanced by the surplus of income (133 million kronor), the movements of capital should have yielded a plus balance covering the remainder. As it is, however, the estimated transfers of capital result in a minus balance of 36 million kronor, which, together with the deficit of 75 million kronor, makes up the large negative balance of 111 million kronor. This points to an increase of indebtedness (or possibly a diminution of assets) on a considerable scale, which could not be determined by the present procedure for the calculation of the balance of payments.

This year the disturbances on the currency market have been still greater than in 1936, and it would be precarious to hazard a forecast as to how the balance of payments for 1937 will work out. To judge by the hitherto available figures for foreign trade, it looks as though the surplus of imports would be larger than in 1936: but commercial exchanges in the autumn may negative this supposition. On the other hand, net freight receipts should give a considerable better yield, whilst income from interest is scarcely likely to show any marked change. In any case the balance of payments for 1937 should yield a considerable surplus of income.

THE ECONOMIC SITUATION DURING THE THIRD QUARTER OF 1937

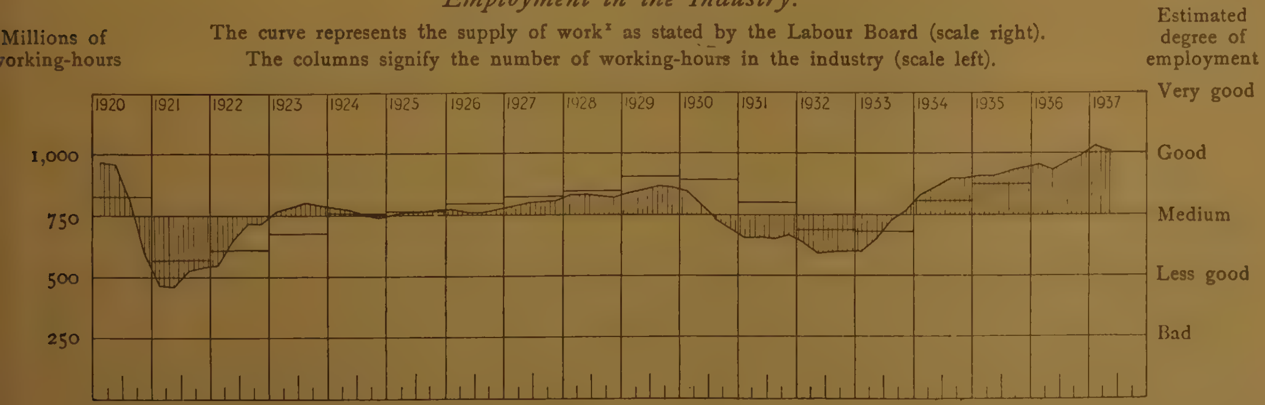
The General Situation. The reports from industry and commerce, which, broadly speaking, indicate record turnovers, continue to reflect the boom. The business activity index of this bank, which relates to the clearing of commercial paper, shows that the volume of business (irrespective of seasonal fluctuations and price variations) in the course of this year can be designated by the figures 115.0 for the first quarter, 128.6 for the second quarter, and 130.8 for the third quarter, the average for 1929 being represented by 100. This index has reflected the expansion of business which set in during the second quarter of 1936 and which, despite the labour dispute in the building trade during the second quarter of the present year, then rose to a considerably higher level.

The figures for railway traffic point in the same direction: the index numbers (freed from seasonal fluctuations) for the number of car axle kilometres for loaded trucks on the State Railways rose to 116.3 and 128.2 during the first and second quarters of this year, respectively, the level for 1929 being designated by 100. In July industrial production, which is largely influenced by export trade, was no less than 42 per cent. above the level of 1929, and in the second quarter the supply of industrial work, as indicated by the figures published by the Labour Board, was still very good. Furthermore, the Swedish industries are, generally speaking, well supplied with orders, and the harvest returns at the end of August show that the crops are above medium. Though Swedish industries, in view of long-term foreign contracts and the large spending power on the home market, are likely to be well employed for some time ahead, the uncertainty in regard to price movements and the insecurity of the international political situation have inevitably led to greater caution in judging the economic trend than is usual in periods of boom.

The price movement for raw products has this year been very irregular, with a falling tendency. This is indicated by the fact that Moody's and Reuter's price indices for raw products (in the

Employment in the Industry.

The curve represents the supply of work[1] as stated by the Labour Board (scale right).
The columns signify the number of working-hours in the industry (scale left).



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[1] The season variations have been eliminated.

Exports	Wood Goods 1,000 m³	Wood Pulp (estimated air-dry weight 1,000 tons)				Paper and Pasteboard 1,000 tons
		Mechanical	Sulphite	Sulphate	Total	
Jan.—Aug.						
1929 . .	3,535	183.5	555.1	278.8	1,017.4	302.38
1930 . .	3,335	169.6	494.3	217.8	881.7	284.81
1931 . .	2,051	151.8	391.9	249.2	792.9	293.43
1932 . .	2,025	110.5	272.5	197.1	580.1	314.61
1933 . .	2,713	202.3	514.4	363.7	1,080.4	329.07
1934 . .	2,711	202.5	557.5	400.9	1,160.9	359.57
1935 . .	2,143	182.0	576.7	415.2	1,173.9	399.84
1936 . .	2,255	205.7	674.1	497.8	1,377.6	398.18
1937 . .	2,430	207.4	812.7	570.3	1,590.4	437.92

Exports	Iron Ore 1,000 tons	Pig Iron etc. 1,000 tons	Wrought Iron and Steel 1,000 tons	Workshop[1] Products Mill. kr.	Butter tons	Bacon tons
Jan.—Aug.						
1929 . .	6,863	69.50	91.05	71.1	16,238	13.277
1930 . .	6,907	48.24	66.38	82.3	18,432	18,469
1931 . .	3,075	38.09	48.44	58.3	14,017	21,107
1932 . .	1,368	25.21	39.36	44.6	9,296	15,151
1933 . .	1,632	58.97	43.92	38.6	9,917	14,077
1934 . .	4,244	63.29	67.67	49.8	15,984	13,649
1935 . .	4,898	57.63	66.25	53.9	15,282	9,074
1936 . .	7,211	65.27	73.19	57.6	12,220	8,856
1937 . .	8,926	79.40	91.96	70.3	15,640	9,174

[1] Includes only the products of large exporting workshops.

United States and Great Britain respectively) in the beginning of February, the middle of June and during September have fallen to successively lower levels.

Turning to Sweden's big export commodities, we note that the rise in the prices of wood goods and pulp has ceased. By the end of September, however, the sales of wood goods amounted to 760,000 standards, whereas Sweden's annual export quota is 820,000 standards. The estimated output of wood pulp for the year has practically been sold, as also about 80 per cent. of the sulphite and sulphate production for next year. We are, however, menaced by a considerable excess of production in the course of the next few years, especially as regards sulphate pulp, in view of the erection of large new pulp mills, particularly in the southern States of North America. It has been estimated that the productive capacity in this line will thereby be increased by an amount equivalent to the entire annual export of sulphate pulp from Europe, namely 1.3 million tons.

The general expansion of business has entailed an increased consumption of paper and pasteboard, both for export and on the home market. The paper mills are reported to be well supplied with orders, though the uncertainty in regard to the trend of prices for pulp etc., has induced them to exercise caution in concluding long-term contracts.

The consumption of iron on the Swedish market this year has shown a marked increase. According to the estimates of the Iron Works Association, the consumption of finished rolled and hammered iron and steel (manufacture plus import, minus export) amounted to 762,000 tons during the first eight months of this year, as compared with 595,800 tons for the same period last year and 537,300 tons in 1935. At the end of August nearly 30,000 workers were employed in the iron industry, as compared with 26,800 at the same time last year and about 25,000 in August 1935. Prices are still firm, and the Swedish iron works, in all stages of production, are fully occupied for the next few months. The products of the engineering workshops likewise have a good market: the exports of the large workshops for the first eight months of this year amounted to a value of 70.3 million kronor, as compared with 57.6 million kronor during the same period last year and 82.3 million kronor in the record year 1930, when prices, however, were higher.

The volume of foreign trade as a whole is larger than at any previous time. Compared with the peak year 1929, when imports and exports approximately balanced, the imports during that part of the year which has so far elapsed have increased in value by 23 per cent., and the exports by 10 per cent. The increase in the imports was particularly marked in the earlier part of the year. Owing to this, the surplus of imports at the end of August had risen to a considerably higher figure than at the same time last year, namely to 140 million kronor, as compared with 89 million kronor. On the other hand, the balance of payments for last year, as shown in another article in this issue, yielded a surplus of income amounting to 133 million kronor. There is therefore reason to expect a favourable balance of payments also for the present year, especially in view of the rise of freight rates. For, whereas high freights, by increasing the cost of importation, adversely affect the balance of trade, they increase the figure for income in the balance of payments.

	Imports	Exports	Surplus of exports (+) or surplus of imports (—)
	Million kronor		
Jan.—Aug. 1929	1,098	1,108	+ 10
» » 1930	1,092	1,016	— 76
» » 1931	913	692	—221
» » 1932	739	570	—169
» » 1933	682	638	— 44
» » 1934	822	794	— 28
» » 1935	910	801	—109
» » 1936	1,014	925	— 89
» » 1937	1,355	1,215	—140

The total balance of the Swedish banks in relation to foreign countries (bank balances, bills and bonds) shows very considerable net assets, amounting at the end of August to 942 million kronor, in addition to the Riksbank's stock of gold, valued at 536 million kronor and a hidden reserve of approximately 225 million kronor, arising from the low value at which the Riksbank holdings of gold and foreign currency are booked. All in all, these net assets represent a market value of the same magnitude as that of Sweden's entire imports last year.

The large balances held in Sweden by foreign banks — which are presumably connected with the steps taken by Swedish exporters to cover themselves against losses on the exchange as well as with foreign speculation in the appreciation of the krona — have diminished but slightly since February, when they amounted to nearly 300 million kronor. They therefore still continue to swell the liquid holdings (cash, call money and current accounts at the Riksbank) of the commercial banks, which at the end of August amounted to 840 million kronor.

The Stock Market. The fluctuations in the prices of leading industrial and bank shares on the Stockholm Exchange during the last few months are shown by the following table, where the quotations are given in percentage of par.

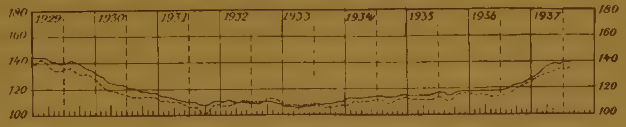
	Number of Companies	1937				
		15/6	15/7	16/8	15/9	30/9
Engineering Workshops	4	192	193	200	191	187
Timber and Pulp Industries	5	173	179	187	173	168
Combined Industries (Wood and Steel)	2	193	205	206	185	184
Total above Companies	**11**	**186**	**192**	**198**	**183**	**179**
Banking Companies	4	183	187	191	187	186

Much in the same way as on the large foreign bourses, the quotations for shares at Stockholm have fluctuated in connection with oscillations in the prices of raw materials as well as with changes in the international political situation. After a general rise in the height of the summer, share prices in the middle of September had fallen back to about the same level as in the middle of May. The dividends for 1936, on the basis of share prices in the fourth week of September, correspond to a yield of 4.14 per cent. in respect of 9 commercial banks, of 3.89 per cent. as regards 3 industrial companies the shares of which are listed also on foreign bourses, and 4.14 per cent, for the remaining 41 industrial companies.

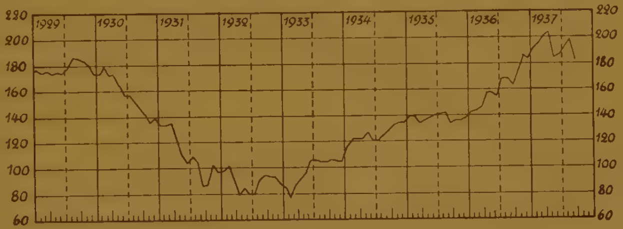
The Bond Market. The following table gives approximate figures for the effective interest (in percentage) corresponding to the market prices of representative Swedish bonds during the last few months. In view of the level of interest, our regular statistics have been completely revised, so as now to include only bond loans at low rates of interest.

Price Index of the Board of Trade.

——— = all goods.
-------- = raw products.
(Average 1913 = 100.)

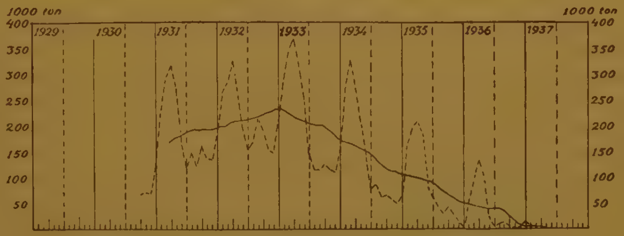


Index Numbers for Shares of 11 typical Swedish Industrial Companies.

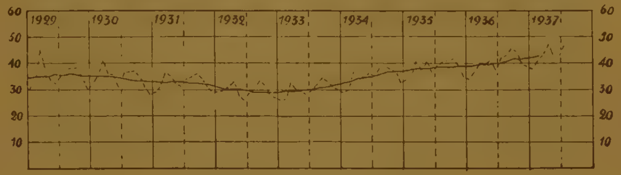


Laid up Swedish Tonnage.

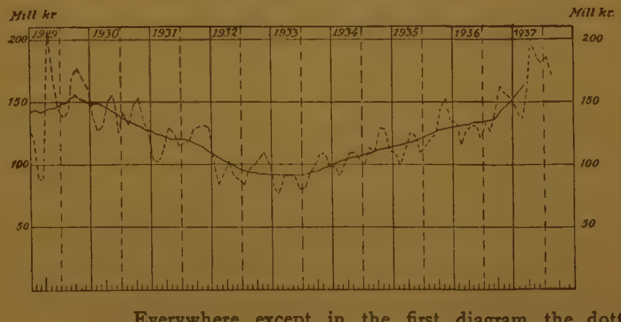
(1,000 tons gross)



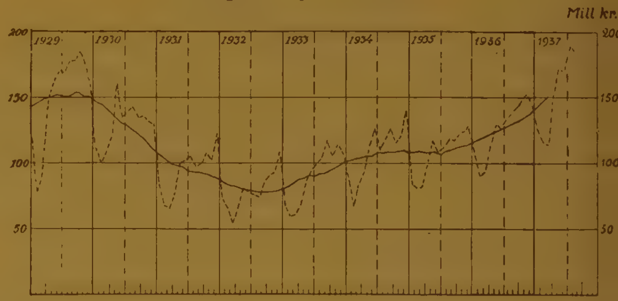
Millions of Axle-Kilometers travelled by Loaded Goods Trucks on the State Railways.



Import of Sweden.

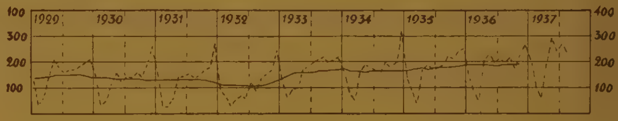


Export of Sweden.



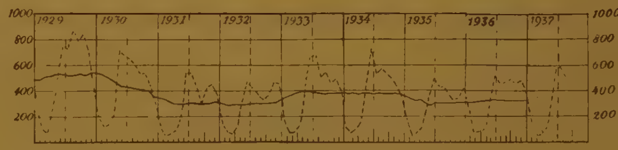
Export of Paper Pulp.

(Estimated air-dry weight in 1,000 tons.)



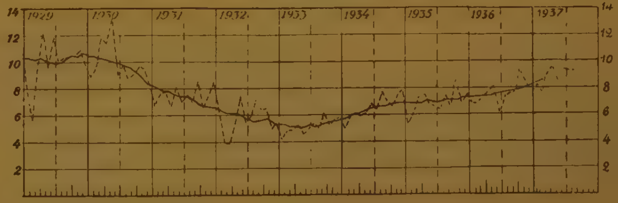
Export of Woodgoods.

(1,000 m³.)



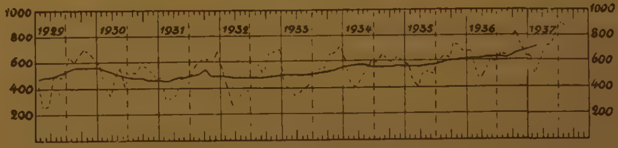
Export of Products of the Engineering Works.

(Mill. kr.)



Import of Coal and Coke.

(1,000 tons.)



Everywhere except in the first diagram the dotted line — where it occurs — indicates the original figures and the solid line the moving 12 months' averages.

	Number of loans	1937						
Swedish Government.		$^{16}/_4$	$^{14}/_5$	$^{15}/_6$	$^{13}/_7$	$^{13}/_8$	$^{14}/_9$	$^{28}/_9$
3 % Rente	1	3.12	3.13	3.07	3.08	3.06	3.05	3.05
3 % Other Loans Conv. 1944 and 1947	2	3.09	3.12	3.07	3.06	3.04	3.05	3.04
Mortgage Banks.								
3 % Conv. 1944—47 .	4	3.16	3.17	3.11	3.12	3.10	3.07	3.04
Municipalities.								
3, $3^1/_4$ and 4 % Conv. 1943—46	3	3.18	3.18	3.15	3.12	3.08	3.01	2.99
Industrial Companies.								
$3^1/_4$ % Conv. 1947 . . .	3	3.28	3.25	3.25	3.25	3.24	3.19	3.19
$3^1/_2$ % » 1947 . . .	1	3.41	3.35	3.35	3.35	3.32	3.30	3.30
4 % » 1945 . . .	1	3.44	3.36	3.36	3.40	3.36	3.36	3.36

The bond market has been undecided and rather dull, though with a somewhat firmer tendency since the middle of August. Foreign buying-orders have latterly been less noticeable than they were some time ago. Government, municipal and mortgage bank loans, generally speaking, yield somewhat more than 3 per cent. The industrial loans latterly issued at a nominal rate of interest of $3^1/_4$ per cent. are now slightly above par. For ten year mortgage loans up to 60 per cent. of the assessed value of the property the yield is still $3^1/_4$ per cent.

The following were the principal bond loans issued during the past quarter:

Issued by:	Rate of interest in %	Face value in kronor	Issue price in %
Svenska Bostadskreditkassan (The Residential Mortgage Bank of Sweden)	$3^1/_4$	10,000,000	[2]
City of Gothenburg	3	9,000,000	$99^1/_2$
City of Malmö	3	12,163,000	100 [1]
Varberg—Borås—Herrljunga Railway Co	3	1,200,000	[2]
Katrinefors AB.	$3^1/_2$	2,000,000	101
Munksunds AB.	$3^1/_2$	9,000,000	[3]
Skönviks AB.	$3^1/_2$	10,000,000	[3]
L. M. Ericsson Telephone Co. .	$3^1/_2$	12,000,000	$98^1/_2$ [1]
Norsk Hydro-Elektrisk Kvælstofaktieselskab	4	18,000,000	96
United River Plate Telephone Company Ltd.	5	12,000,000	97

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[1] In connection with the conversion of previous loans.

[2] Sold privately.

[3] On exchange against bonds of a previous loan 100 %, on cash subscription 101 %.

Some Statistical Data Concerning

Currency Reserve, Stock of Gold, Note Circulation.

	Net Claims of Banks on Abroad million kronor (End of month)									The Riksbank's								
	Riksbank			Commercial banks			Total			Stock of Gold (million kr.)			Stock of Gold and Net Claims on Abroad (million kr.)			Note Circulation (million kr.)		
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937
Jan.	560	598	734	189	242	101	759	840	835	351	429	529	911	1027	1263	620	702	804
Feb.	555	593	818	200	228	−32	755	821	786	351	440	530	906	1033	1348	620	712	797
March	600	575	831	150	220	−53	750	795	778	352	454	531	952	1029	1362	646	741	826
I (Average)	**572**	**589**	**794**	**180**	**230**	**5**	**752**	**819**	**799**	**351**	**441**	**530**	**923**	**1030**	**1324**	**629**	**718**	**809**
April	609	544	827	149	236	−51	758	780	776	352	461	532	961	1005	1359	652	744	812
May	622	506	874	159	246	−56	781	752	818	354	484	533	976	990	1407	632	728	800
June	614	496	907	175	260	−46	789	756	861	355	509	534	969	1005	1441	674	755	826
II (Average)	**615**	**515**	**869**	**161**	**247**	**−51**	**776**	**763**	**818**	**354**	**485**	**533**	**969**	**1000**	**1402**	**653**	**742**	**813**
July	622	518	921	191	238	−40	813	756	881	356	510	535	978	1028	1456	659	739	818
Aug.	618	533	960	209	252	−18	827	785	942	358	511	536	976	1044	1496	672	756	839
Sept.	658	556		192	258		850	814		363	526		1021	1082		711	789	
III (Average)	**633**	**536**		**197**	**249**		**830**	**785**		**359**	**516**		**992**	**1051**		**681**	**761**	
Oct.	638	604		206	212		844	816		384	526		1022	1130		709	796	
Nov.	616	652		223	179		839	831		398	528		1014	1180		700	785	
Dec.	629	717		230	157		859	874		408	529		1037	1246		748	845	
IV (Average)	**628**	**658**		**220**	**183**		**847**	**840**		**396**	**528**		**1024**	**1185**		**719**	**809**	
Notes	The figures comprise balances with foreign banks and holdings of foreign bills and foreign bonds less amounts due to foreign banks									At end of month.						Monthly averages		

Rates of Exchange.

	Nominal Quotations of the Commercial Banks (Monthly Averages)											
	London Kr. for £ 1			New York Kr. for $ 1			Paris Kr. for 100 francs			Berlin Kr. for 100 Rmk		
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937
Jan.	19.404	19.402	19.400	3.972	3.918	3.961	26.187	25.974	18.500	159.558	158.630	159.521
Feb.	19.405	19.400	19.400	3.988	3.888	3.970	26.308	25.990	18.504	160.104	158.550	160.000
March	19.401	19.401	19.400	4.072	3.910	3.980	27.028	25.960	18.324	164.990	158.330	160.380
I (Average)	**19.403**	**19.401**	**19.400**	**4.011**	**3.905**	**3.970**	**26.508**	**25.975**	**18.443**	**161.551**	**158.503**	**159.967**
April	19.400	19.403	19.408	4.019	3.931	3.954	26.567	25.928	17.838	162.337	158.370	159.433
May	19.400	19.400	19.402	3.975	3.908	3.935	26.217	25.764	17.654	160.481	157.860	158.333
June	19.400	19.400	19.400	3.938	3.871	3.939	26.066	25.533	[2] 17.566	159.648	156.261	158.083
II (Average)	**19.400**	**19.401**	**19.403**	**3.977**	**3.903**	**3.943**	**26.283**	**25.742**	**[2] 17.686**	**160.822**	**157.497**	**158.616**
July	19.403	19.400	19.402	3.923	3.869	3.913	26.020	25.646	15.026	158.741	156.297	157.620
Aug.	19.400	19.400	19.400	3.912	3.867	3.901	25.935	25.485	14.700	158.278	155.702	157.298
Sept.	19.400	19.400	19.400	3.939	3.856	3.924	25.982	[1] 25.343	13.983	158.780	155.120	157.654
III (Average)	**19.401**	**19.400**	**19.401**	**3.925**	**3.864**	**3.913**	**25.979**	**[1] 25.491**	**14.570**	**158.600**	**155.706**	**157.524**
Oct.	19.401	19.400		3.960	3.965		26.113	18.542		159.593	159.741	
Nov.	19.403	19.400		3.947	3.975		26.012	18.510		159.058	160.370	
Dec.	19.400	19.400		3.940	3.961		26.043	18.500		158.946	159.792	
IV (Average)	**19.401**	**19.400**		**3.949**	**3.967**		**26.056**	**18.517**		**159.199**	**159.968**	

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[1] Up to September 25th 1936, inclusive. — [2] Up to June 28th 1937, inclusive.

Sweden's Economic Position.

Commercial Banks, Stock Exchange.

	Commercial banks												Quotations of 11 typical Swedish Industrial Shares In %			Shares sold on the Stockholm Stock Exchange (1000 kr.)		
	Deposits (million kr.)			Loans incl. bills rediscounted (million kr.)			Bills Rediscounted (million kr.)			Cash (million kr.)								
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937
Jan.	3617	3736	3935	3826	3809	3964	0.0	0.0	0.0	382	376	598	139	142	191	927	1361	1651
Feb.	3619	3723	3988	3852	3845	4019	0.0	0.0	0.0	359	348	702	139	143	196	583	1930	2689
March	3663	3764	4064	3906	3882	4064	0.0	0.0	0.0	390	280	756	133	147	199	531	2439	2531
I (Average)	**3633**	**3741**	**3996**	**3861**	**3845**	**4016**	**0.0**	**0.0**	**0.0**	**374**	**335**	**685**	**137**	**144**	**195**	**680**	**1910**	**2290**
April	3620	3749	4046	3917	3918	4076	0.0	0.0	0.0	360	280	727	136	157	203	441	1950	1818
May	3586	3683	4057	3920	3899	4067	0.0	0.0	0.0	284	208	728	138	157	184	618	1350	1239
June	3606	3716	4058	3908	3878	4070	0.0	0.0	0.0	298	281	732	139	155	186	834	1329	709
II (Average)	**3604**	**3716**	**4054**	**3915**	**3898**	**4071**	**0.0**	**0.0**	**0.0**	**314**	**256**	**729**	**138**	**156**	**191**	**631**	**1543**	**1255**
July	3692	3772	4119	3880	3874	4028	0.1	0.0	0.0	398	383	809	141	168	192	635	2087	973
Aug.	3671	3802	4146	3874	3881	4042	0.0	0.0	0.0	332	417	840	142	168	198	873	1340	934
Sept.	3718	3873		3883	3912		0.0	0.0		400	452		134	163	183	518	1154	1429
III (Average)	**3694**	**3816**		**3879**	**3889**		**0.0**	**0.0**		**377**	**417**		**139**	**166**	**191**	**675**	**1527**	**1112**
Oct.	3737	3864		3861	3926		0.0	0.0		445	503		136	173		644	1561	
Nov.	3634	3790		3878	3971		0.0	0.0		313	405		136	185		541	2082	
Dec.	3632	3833		3828	3992		0.0	0.1		351	465		138	183		726	1801	
IV (Average)	**3668**	**3829**		**3856**	**3963**		**0.0**	**0.0**		**370**	**458**		**137**	**180**		**637**	**1815**	
Notes	Deposits from and loans to the public within the country (at the end of the respective month)									Cash in hand, credit balances on cheque accounts with the Riksbank et cetera			Prices at middle of month			Averages per Stock Exchange business day		

Rates of Interest and Price Level.

	Rediscount Rate of the Riksbank (%)			Yield of Bonds (%)						Wholesale Price Index (Board of Trade) (1913 = 100)						Cost of Living Index (July 1914 = 100)		
				Govt. Loans			Industrial Loans			All Goods			Raw Materials					
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937
Jan.	2.00	2.00	2.00	3.03	3.29	3.05	3.59	3.72	·	115	118	129	112	115	127	155	158	158
Feb.	2.00	2.00	2.00	3.04	3.25	3.03	3.59	3.62	*3.04	115	118	132	112	115	129	·	·	·
March	2.00	2.00	2.00	3.09	3.25	3.05	3.57	3.55	*3.22	115	118	136	111	115	131	·	·	·
I (Average)	**2.00**	**2.00**	**2.00**	**3.05**	**3.26**	**3.04**	**3.58**	**3.63**		**115**	**118**	**132**	**112**	**115**	**129**			
April	2.00	2.00	2.00	3.18	3.15	3.12	3.58	3.50	*3.28	115	118	138	111	114	132	155	158	161
May	2.00	2.00	2.00	3.15	3.17	3.13	3.60	3.43	*3.25	115	118	139	111	113	134	·	·	·
June	2.00	2.00	2.00	3.18	3.17	3.07	3.65	3.43	*3.25	116	118	139	113	113	135	·	·	·
II (Average)	**2.00**	**2.00**	**2.00**	**3.17**	**3.16**	**3.11**	**3.61**	**3.45**	***3.26**	**115**	**118**	**139**	**112**	**113**	**134**			
July	2.00	2.00	2.00	3.24	3.18	3.08	3.62	3.29	*3.25	116	119	140	113	114	135	156	158	162
Aug.	2.00	2.00	2.00	3.22	3.12	3.06	3.62	3.31	*3.24	115	120	140	110	116	136	·	·	·
Sept.	2.00	2.00	2.00	3.25	3.06	3.05	3.62	3.27	*3.19	115	122		111	118		·	·	·
III (Average)	**2.00**	**2.00**	**2.00**	**3.24**	**3.12**	**3.06**	**3.62**	**3.29**	***3.23**	**115**	**120**		**112**	**116**				
Oct.	2.00	2.00		3.40	3.08		3.93	3.34		117	123		116	120		157	157	165
Nov.	2.00	2.00		3.32	3.06		3.87	3.24		118	124		116	121		·	·	
Dec.	2.00	2.00		3.36	3.05		3.85	3.15		118	126		116	124		·	·	
IV (Average)	**2.00**	**2.00**		**3.36**	**3.06**		**3.88**	**3.25**		**118**	**124**		**116**	**122**				
Notes	Monthly averages			Calculated on market prices at middle of months						Calculated on prices ruling at middle of months						Refers to end of quarters		

* For 1937 $3^1/_4$ % loans, conv. 1947. For previous years 5 % loans, conv. 1937—42.

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Trade and Industry.

	Foreign Trade (million kr.)									Export of Forest Products								
	Import			Export			Excess of Imports (−) or Exports (+)			Sawn and Planed Wood Goods 1000 stds			Paper Pulp 1000 tons			Paper and Pasteboard 1000 tons		
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937	1935	1936	1937
Jan.	109	134	142	83	106	123	−26	−28	−19	31	46	30	142.0	176.0	205.5	44.4	52.5	51.2
Feb.	99	115	133	80	91	115	−19	−24	−18	8	11	8	88.6	95.9	102.5	48.4	47.6	50.7
March	111	126	160	82	94	114	−29	−32	−46	10	12	10	46.0	47.2	60.2	52.5	54.8	56.6
I (Average)	**106**	**125**	**145**	**82**	**97**	**117**	**−24**	**−28**	**−28**	**16**	**23**	**16**	**92.2**	**106.4**	**122.7**	**48.4**	**51.6**	**52.8**
April	126	130	199	100	112	149	−26	−18	−50	15	15	16	170.3	206.3	190.1	54.1	51.0	62.2
May	122	130	184	117	129	171	− 5	− 1	−13	68	64	58	188.4	233.4	294.0	53.1	48.4	52.0
June	109	121	179	109	126	169	0	+ 5	−10	101	103	104	172.2	202.8	239.4	45.5	41.1	53.4
II (Average)	**119**	**127**	**187**	**109**	**122**	**163**	**−10**	**− 5**	**−24**	**61**	**61**	**59**	**177.0**	**214.2**	**241.2**	**50.9**	**46.8**	**55.9**
July	115	132	185	112	132	189	− 3	0	+ 4	85	91	113	178.2	217.1	271.9	42.6	46.6	51.6
Aug.	120	126	171	118	136	185	− 2	+10	+14	87	96	103	188.6	198.9	237.7	59.2	56.1	60.3
Sept.	125	142		117	140		− 8	− 2		73	93		224.0	216.8		49.5	47.1	
III (Average)	**120**	**133**		**116**	**136**		**− 4**	**+ 3**		**82**	**93**		**196.9**	**210.9**		**50.4**	**49.9**	
Oct.	145	160		122	145		−23	−15		65	95		214.1	172.8		54.4	56.0	
Nov.	153	154		123	151		−30	− 3		70	100		238.7	230.6		53.9	54.9	
Dec.	135	150		128	144		− 7	− 6		85	70		249.1	263.0		50.1	49.8	
IV (Average)	**144**	**155**		**124**	**147**		**−20**	**− 8**		**73**	**88**		**234.0**	**222.1**		**52.8**	**53.6**	
Notes										Petersburg standard = 4.67 m³			Estimated air-dry weight					

	Export of Iron Ore 1000 tons			Export of Workshop Products million kr.			Index of Production according to Feder. of Swed. Industries (1935 = 100)			Supply of Industrial Work Index numbers			Waggon-axle Kilometres of loaded Trucks on State Railways			Unemployment in Trade Unions (%)		
	1935	1936	1937	1935	1936	1937	1935	1936	1937	1934	1935	1936	1935	1936	1937	1935	1936	1937
Jan.	463	659	696	5.23	6.88	8.14	96	103	113	.	.	.	34.1	34.4	37.8	22.5	19.0	16.2
Feb.	442	686	786	6.08	6.93	7.58	97	104	114	.	.	.	35.3	37.0	41.3	20.2	18.0	14.8
March	539	751	958	7.42	8.26	8.85	98	105	116	.	.	.	41.0	39.8	43.3	18.5	16.5	14.3
I (Average)	**481**	**699**	**813**	**6.24**	**7.36**	**8.19**	**97**	**104**	**114**	**3.51**	**3.71**	**4.01**	**36.8**	**37.1**	**40.8**	**20.4**	**17.8**	**15.1**
April	574	748	980	7.55	7.59	9.52	99	106	118	.	.	.	37.5	39.6	47.6	16.1	13.8	11.1
May	484	744	835	6.86	8.12	8.30	100	107	118	.	.	.	40.9	41.7	43.3	12.1	10.2	8.3
June	459	948	1098	6.75	7.07	9.40	100	107	120	.	.	.	36.4	37.4	42.4	11.2	9.3	7.7
II (Average)	**506**	**813**	**971**	**7.05**	**7.93**	**9.07**	**100**	**107**	**119**	**3.71**	**3.82**	**4.10**	**38.3**	**39.6**	**44.4**	**13.1**	**11.1**	**9.0**
July	563	905	1228	6.49	7.33	9.24	100	107	120	.	.		39.7	42.2	46.1	9.9	8.1	6.4
Aug.	585	751	1231	7.49	7.36	9.22	100	109	121	.	.		40.4	43.0		10.3	8.0	
Sept.	506	861	1134	6.61	7.48		101	111		.	.		40.8	45.6		11.0	8.6	
III (Average)	**551**	**839**	**1198**	**6.86**	**7.39**		**100**	**109**		**3.73**	**3.91**		**40.3**	**43.6**		**10.4**	**8.2**	
Oct.	515	902		8.59	9.09		102	112		.	.		42.2	44.7		12.7	10.3	
Nov.	472	806		6.99	8.26		103	113		.	.		38.9	40.1		14.9	12.3	
Dec.	612	632		7.53	7.32		103	114		.	.		34.7	39.7		21.3	17.5	
IV (Average)	**533**	**780**		**7.70**	**8.22**		**103**	**113**		**3.76**	**3.97**		**38.6**	**41.5**		**16.3**	**13.4**	
Notes	Shipments of the Grängesberg Co.			Motors, electr. machinery, ball bearings, separators, telephones, etc.			Seasonal change removed			The figure 3 denotes normal supply of work			Million kilom. per month			% of total members at end of month		

Stockholm 1937. Kgl. Boktr. P. A. Norstedt & Söner 373870

SKANDINAVISKA KREDITAKTIEBOLAGET

STATEMENT OF CONDITION AUGUST, 31st, 1937

Assets

Cash in hand		Kr. 294.899.701: 11
Bills:		
Swedish	Kr. 256.240.592: 78	
Foreign	» 18.686.701: 72	» 274.927.294: 50
Loans (secured)		» 352.699.521: —
Current Accounts (secured)		» 80.048.467: 51
Swedish Banks		» 4.453.155: 66
Foreign Banks		» 25.442.961: 54
Sundry Accounts		» 36.044.434: 24
Bonds		» 57.125.141: 09
Shares		» 155.588.309: 15
Bank Buildings & Furniture		» 15.913.113: —
		Kr. 1.297.142.098: 80

Liabilities

Bills at sight in circulation (»postremiss» bills)		Kr. 13.365.651: 40
Deposits:		
at sight	Kr. 221.933.457: 91	
at notice	» 663.213.555: 66	» 885.147.013: 57
Swedish Banks		» 34.927.918: 48
Swedish Savings Banks		» 42.679.635: 35
Foreign Banks		» 56.860.586: 08
Sundry Accounts		» 81.919.193: 92
Registered Certificates of the Bank (»Förlagsbevis»):		
5½ % of 1925*	Kr. 242.100: —	
3½ % of 1937	» 50.000.000: —	» 50.242.100: —
Share Capital	Kr. 87.188.000: —	
Reserve Fund	» 44.812.000: —	» 132.000.000: —
		Kr. 1.297.142.098: 80

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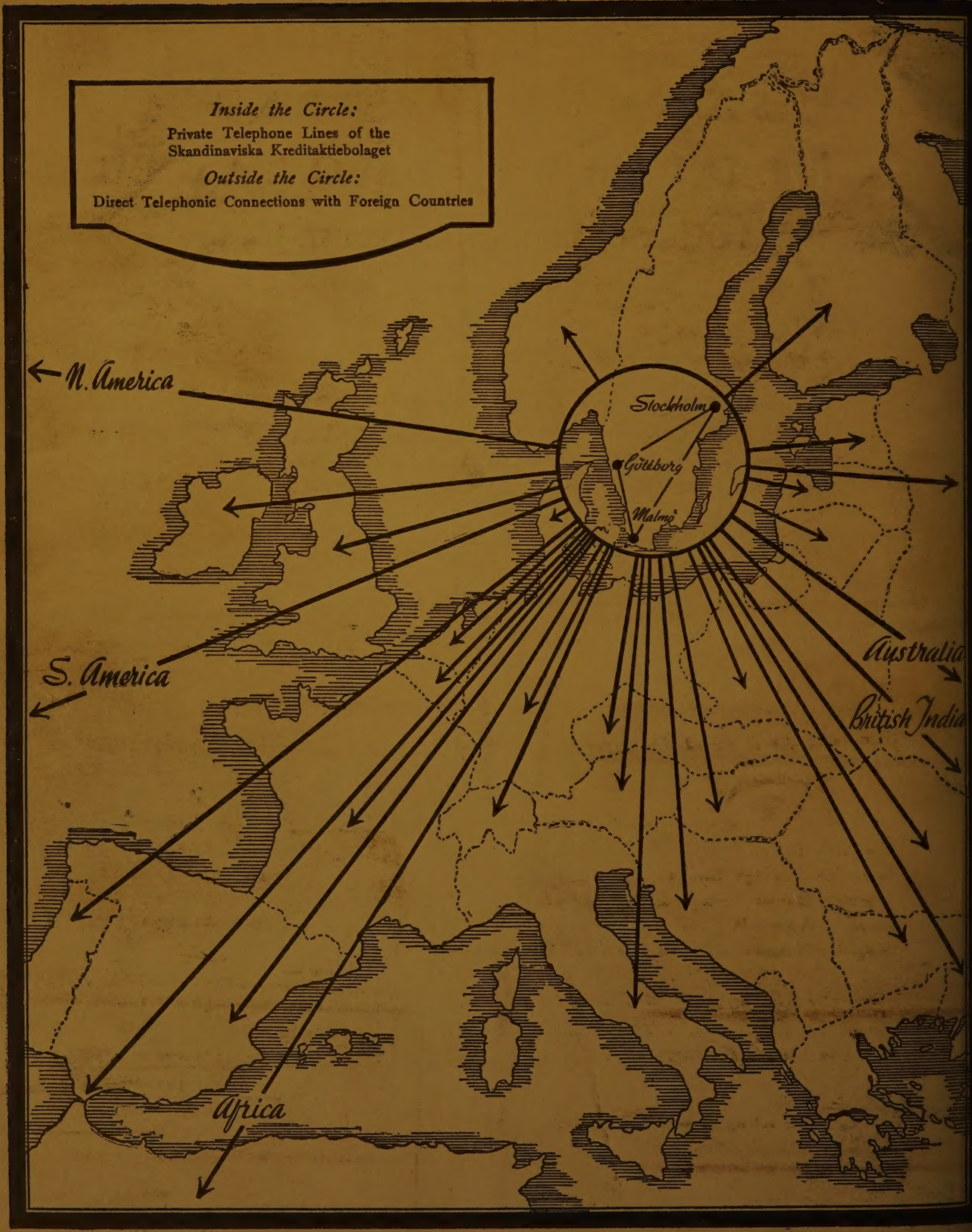
* Called for redemption per March 15, 1937.



Inside the Circle:
Private Telephone Lines of the
Skandinaviska Kreditaktiebolaget

Outside the Circle:
Direct Telephonic Connections with Foreign Countries